



# **COMMONWEALTH of VIRGINIA**

## **Office of the Governor**

Robert F. McDonnell  
Governor

March 15, 2010

The Honorable Eric Cantor  
329 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Cantor:

I am writing to express my concerns with healthcare reform legislation that may be considered by the Congress over the next few weeks.

Estimates of the bill that passed the Senate indicate that the price of health insurance for many Virginians will increase. As you know, legislation under consideration in Congress includes a mandate that requires all Americans to purchase health insurance. Last week, the Virginia General Assembly on a bipartisan basis, approved legislation that would prevent Virginians from being required to purchase health insurance coverage that they may not need, want, or be able to afford. Virginia is the first state in the nation to approve this policy. Increasing the cost of health care and then forcing Virginians to purchase and pay for more expensive policies for their families is not good for our state. I hope you will be able to find common ground on policies that will focus first on lowering health costs and providing Virginians with more affordable health care coverage options.

I am specifically concerned about the impact this legislation will have on small businesses, low income children and families, and seniors in the Commonwealth.

Virginia already faces the highest unemployment rate in more than 25 years. Small businesses, which represent 97.9% of our state's employers and have been responsible for large net new job creation in recent years could be adversely affected by the legislation currently under consideration by the Congress. The National Federation of Independent Businesses has concluded that the current proposal will increase taxes and impose new mandates on small businesses, as well as raise health insurance costs for these companies.

Our tough state budget situation requires that Virginia lawmakers carefully consider any federal measures that would place additional unfunded federal mandates on our Commonwealth. We have considerable work to do to improve the quality of care we offer through the Medicaid program. We need to work first on strengthening the existing program for low income patients before we are forced to absorb increased costs. Under the most recent federal proposal, after a

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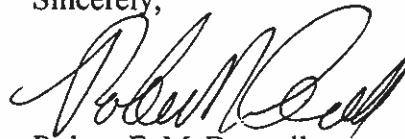
brief period of increased federal funding, states would begin picking up larger portions of the increased Medicaid costs.

Virginians who rely on programs like Medicaid and Medicare deserve the peace of mind that doctors will be available when they need them. Yet provisions in the Senate passed bill to expand Medicaid and cut Medicare could negatively impact physician participation in these programs. Considerable cost shifting occurs due to low reimbursement rates from the Medicaid and Medicare programs, leaving privately insured patients to pay higher prices. The Virginia Hospital and Healthcare Association notes that the average hospital in Virginia averages a negative 12 percent Medicare margin and a negative 28 percent for Medicaid inpatient services. Recently the Medical Society of Virginia has highlighted that many physicians are considering dropping participation in the Medicaid program. Expanding the scope of these federal programs without real reforms will only exacerbate the physician shortage issues we are facing.

Thank you for your attention to this critical matter. I am committed to working with you as we find ways to increase access and reduce the costs of healthcare.

With warm personal regards, I remain

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. McDonnell", written in a cursive style.

Robert F. McDonnell

RFM/kfs

cc: Virginia Congressional Delegation